

Message Text

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ORIGIN NEA-10

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DRAFTED BY NEA/EGY:CAKENNEDY:SEB
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FM SECSTATE WASHDC
TO AMEMBASSY CAIRO
INFO AMEMBASSY BONN

C O N F I D E N T I A L STATE 092302

E.O. 11652: GDS

TAGS: EGEN EG

SUBJECT: MOELLER VISIT

1. PROFESSOR ALEX MOELLER, ACCOMPANIED BY DR. BETTINA HAAS, (VISITING FELLOW, WORLD BANK) WHO SERVED AS INTERPRETER, CALLED ON ASSISTANT SECRETARY ATHERTON, STATE AND AID OFFICIALS APRIL 20. PROFESSOR MOELLER OUTLINED HIS MANDATE AS PERSONAL ECONOMIC ADVISER TO PRESIDENT SADAT AND OUTLINED IN GENERAL TERMS THE SCOPE OF HIS STUDY. MOELLER WAS QUITE CANDID IN HIS REMARKS. HE GENERALLY BELIEVES THAT MAJOR PROBLEMS OF ECONOMY ARE STRUCTURAL AND POLICY ENGENDERED (HE MENTIONED EMPLOYMENT POLICIES IN PARTICULAR AND BLOATED BUREAUCRACIES THESE POLICIES BRING ABOUT)HE ALSO REFERRED TO NEGLECTED PRIORITIES, MENTIONING RAILROADS IN PARTICULAR. HE POINTED TO THE NEED FOR A "NEW ECONOMIC ORDER" FOR EGYPT. HE TALKED OF NEED FOR A NEW INDUSTRIAL STRUCTURE AND DECENTRALIZED CONTROL OVER INDUSTRY. HE ALSO STATED THAT ANINDEPENDENT
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EXPERT HAS TO BE"HARSH AND CLEAR". VARIOUS INSTITUTIONS SUCH AS IBRD, IMF, AND AID HAVE THEIR OWN AXES TO GRIND, HE SAID; THUS THEIR VIEWS NECESSARILY MORE LIMITED THAN INDEPENDENT EXPERT.

2. MOELLER HOPES TO HAVE A PRELIMINARY DRAFT REPORT READY BY JULY, AND A FINAL REPORT BY SEPTEMBER. HE IS CONSULTING

WITH WORLD BANK AND IMF EXPERTS. HE EXPECTS THAT IMF AND IBRD EXPERTS WILL PARTICIPATE IN DRAFTING THE FINAL REPORT. HE INDICATED THAT HE IS NOT CONSULTING GOE ON THE PARAMETERS OR SPECIFICS ON HIS REPORT. HE FEELS THAT THE EGYPTIANS SHOULD NOT BE GIVEN THE OPPORTUNITY TO SHAPE RECOMMENDATIONS BEFORE THEY ARE SUBMITTED. HE SEEMS QUITE AWARE OF THE NEED TO BALANCE POLITICAL INTERESTS WITH ECONOMIC REQUIREMENTS.

3. WE AND PROFESSOR MOELLER SEEM TO BE IN GENERAL AGREEMENT ON EGYPT'S ECONOMIC AND POLITICAL PROBLEMS. HE THOUGHT THAT OUR RESPONSE TO EGYPT'S REQUEST FOLLOWING THE JANUARY RIOTS MADE GOOD SENSE. HE ALSO THINKS THAT ARAB DONORS OUGHT TO CONCENTRATE ON SHORT TERM ASSISTANCE WHILE WE AND THE EUROPEANS CONCENTRATE ON LONGER-TERM PROJECT ASSISTANCE. AS MOELLER PUT IT, THE WEST CAN BUILD RAILROADS, BUT THE ARABS CANNOT.

4. MOELLER SAID THAT HE WAS PLEASED WITH THE EXCELLENT RELATIONS HE HAS WITH EMBASSY CAIRO. HE EXPRESSED HOPE THAT WE CONTINUE CANDID AND INTIMATE DIALOGUE PROTECTING HIS PECULIAR POSITION AS ADVISER TO GOE.
VANCE

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